

OLLSCOIL NA hÉIREANN, GAILLIMH
THE NATIONAL UNIVERSITY OF IRELAND, GALWAY

Introduction to Business 2000 - 2001
M.Sc. Biotechnology, M.Sc. Biomedical Science,
H.Dip. Applied Science Analytical Biochemistry/Chemistry,
H.Dip. Applied Science Microbiology, M.A. Community Development.

SECTION A: MANAGEMENT

Professor P. Willman
Professor R. Green
Mr. J. Cunningham

SECTION B: MARKETING

Professor J. Lynch
Professor A. Daly
Ms. A. M. Torres

SECTION C: ACCOUNTING

Professor N. Garrod
Professor. S. Collins
Ms. B. Sweeney

- TIME ALLOWED:** Three and one-half hours.
- PLEASE ANSWER:** **THREE** questions from **SECTION A**
TWO questions from **SECTION B**
ONE question from **SECTION C**
- ASSESSMENT:** The total marks for each section is of equal value.
- DIRECTIONS:** Use a separate Answer Book for each section.
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SECTION A

MANAGEMENT

Candidates are required to answer **THREE** questions from this section.

Please answer in a separate answer book.

1. Outline the common traits of Irish entrepreneurs and describe their motivation for setting up their own business.
2. Describe the different ways of starting up a business and discuss the barriers to a successful launch.
3. The marketspace has been described as the next competitive arena. Discuss how the marketspace evolves and how it differs from the marketplace.
4. Outline the essential information that should be contained in a business plan and identify the information required to prepare a business plan for a new business which will supply a yoghurt product to Irish retail multiples. Where would you source this information?
5. Why should an entrepreneur write a business plan?
6. Discuss the problems an entrepreneur may face when undertaking industry analysis?

SECTION B

MARKETING

Candidates are required to answer TWO questions from this section.

Please answer in a separate answer book.

1. Define marketing. Discuss how needs and wants differ. Comment on whether the marketer can “create” either a need and/or a want.
2. What is a “product”? For what reasons do marketers define product so broadly?
3. Identify and discuss the stages in the buyer decision process. Apply the stages to a product that you recently purchased for less than £5 and to a product purchased for more than £50.
4. Explain why companies may use distribution channels (i.e. intermediaries). What are the functions these channels perform?

SECTION C

ACCOUNTING

Candidates are required to answer ONE question from this section.

Please answer in a separate answer book.

Question 1

Gabby Ltd. manufactures computer equipment in Ireland. The following balances were taken from the company's ledger at 31 December 2000.

	£	£
Capital		28,450
Motor vehicles - cost	20,000	
Motor vehicles - aggregate depreciation 1/1/00		8,000
Fixtures and fittings - cost	42,000	
Fixtures and fittings - aggregate depreciation 1/1/00		22,000
Sales		180,000
Wages and salaries	60,000	
Insurance	800	
Advertising	1,000	
Telephone	500	
Light and heat	650	
Bank	12,000	
Stock (1 January 2000)	10,000	
Creditors		21,000
Purchases	80,000	
Bank interest		500
Rent	2,000	
Debtors	30,000	
Drawings	1,000	
	<u>259,950</u>	<u>259,950</u>

Additional information

1. Stock at 31 December 2000 is valued at £15,000.
2. Depreciation is to be provided on fixed assets as follows

Motor vehicles	10% straight line
Fixtures and fittings	20% reducing balance

Question 1 continues on next page....

3. C. Burns a debtor of the company owing £1,000 has gone into liquidation. Gabby Ltd. has decided to write this debt off as bad.
4. A general provision of 10% of debtors is to be created at 31 December 2000.
5. ESB bills have been paid up to 31 October 2000. It is estimated that £100 is owed for November and December.
6. Insurance of £600 was paid on 1 July 2000 for the year up to 30 June 2001.
7. The telephone bill for November and December estimated at £80 has not yet been received.

Required

- (a) Prepare the trading, profit and loss account of Gabby Ltd. for the year ended 31 December 2000 and a balance sheet as at that date. (70 marks)
- (b) Comment on the liquidity of the company.
Note: You should support your answer with the calculation of relevant ratios. (10 marks)
- (c) Identify five main users of financial information relating to a business organisation and briefly discuss the types of information of most interest to each group. (20 marks)

Total marks: 100

Question 2

Colm Jones commenced business selling wrought iron gates on 1 January. He purchases the unfinished gates from a local supplier at a cost of £40 for each gate. He has a part time assistant who is paid an hourly rate of £5 per hour. The assistant spends approximately 1 hour working on each gate and Colm finishes the work. Colm receives £600 per month from the business.

Expected sales for the first four months of the year are as follows:

January	£15,000
February	£20,000
March	£25,000
April	£25,000

Question 2 continues on next page...

Each gate is sold for £100. Colm expects to receive payments for 50% of sales in the month of sale and the remaining 50% one month after sale.

Colm wishes to maintain a stock of unfinished gates equal to 60% of the following months sales.

Unfinished gates are paid for in the month of purchase.

Colm expects to incur the following additional expenses per month

Light and heat	£80
Rent of premises	£200
Telephone and advertising	£300

Payment for rent is made on 1 January for the first 6 months of the year. All other expenses are paid for as they arise.

The following fixed assets are to be purchased at 1 January

Machinery	£10,000
Fixtures and fittings	£5,000

At the beginning of the year Colm Jones invested £10,000 in the business.

Required

- (a) Prepare the cash budget of Colm Jones for the first three months of the year and a total cash budget for this quarter. **(70 marks)**
- (b) Discuss the sources of finance available to a start up business. **(18 marks)**
- (c) If depreciation is to be calculated at 10% straight line, what balances would appear in the balance sheet at 31 March 2000 for the following items:

Fixed assets
Debtors
Stock

(12 marks)

Total marks: 100